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Executive Registry
655867

8 OCT 1965

MEMORANDUM FOR: Director of Central Intelligence

SUBJECT : Reorganization of DDI

REFERENCE : DDI Memo for DCI, 8 September 1965, Same subject

1. This memorandum contains a recommendation in paragraph 20 for your approval.

2. In referenced memorandum, I reported to you on our studies of the DDI organization, and made a recommendation for implementing the first of my two main conclusions. That memorandum had to do with reconsolidating non-operational intelligence research and analysis activity under the DDI.

3. This memorandum deals with the second conclusion, that finished intelligence production components of the DDI, insofar as functional specialties allow, be placed under unified direction and organized geographically--with these area-oriented components closely linked by exchange of staff with the Area Divisions of DDP.

BACKGROUND

4. In its earlier days, intelligence production activities were wholly unified under one direction--an Office of Research and Evaluation. The main components of that office were the regional divisions (WE, EE, NEA, FE, LA, and Northern). The output of these divisions was supervised and coordinated by three staff components responsible for basic, current, and estimative intelligence.

5. It soon became apparent that the demands of the times required a distinct grouping of specialists, first of economists and soon thereafter of scientists. As these specialists developed capabilities and were increasingly called upon to meet the demands upon the Agency for economic and scientific analyses, they grew in numbers requiring their organization into separate offices. Regional coverage of both of these groups was heavily on the Sino-Soviet Bloc.

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6. The organization of an Office of National Estimates came with the advent of the Korean war and of General Smith as DCI. As first conceived and operated, ONE had the dual mission of producing NIEs and Current Intelligence, drawing upon a common staff (loosely compartmented into a general, specialists, and support groups) to accomplish its mission. The General Group was the immediate support element of the Board of National Estimates.

7. Early in his administration as Chairman of the Board of National Estimates, Dr. William Langer made clear to the DCI that he had taken the job with the understanding that he would concentrate on national estimates and would not be distracted from that assignment by reason of having also to supervise current intelligence production and to administer any staff beyond that needed to produce NIEs. Hence, the separation of current reporting from ONE in 1951, and the basis for the development of OCI as we know it today.

8. While the separation of ONE and OCI was made on rather adventitious grounds, it was supportable on more valid grounds in view of the actual production of these offices. OCI production scrupulously avoided estimative language, limiting itself to comments which served to help the reader place the reported item in perspective. ONE largely limited its production to inter-agency (USIB) papers, NIEs. At first there were no ONE staff memoranda, and for a long time they were neither as numerous nor as widely circulated as they now are. Little coordination between ONE and OCI was necessary, and necessary coordination was easily accomplished under the aegis of the DDI.

9. In the years since the separation there have been a number of studies examining the pros and cons of the reunification of ONE and OCI. Some aimed strictly at achieving economies or administrative efficiency; others aimed at producing better intelligence. None conclusively reflected unanimous views. And since the burden of proof never shifted from those who wanted unification to those who held for the status quo, and because the DDI budget never was reduced to the point making unification mandatory, it did not occur.

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REASONS FOR A NEW LOOK

10. Four factors of significance lead me to conclude that it is now timely to reopen this question: the changed character of consumer demand; the expanded scope and nature of our analytical effort; the need for resilience and reserve in our production; and, the desirability of regionalization of Agency organization. As is evident, cause and effect are merged in these points. This makes them no less compelling.

11. Changed character of consumer demand. With the Kennedy Administration, and Cuba, came a marked shift in consumer demand for our intelligence production. International developments and the Johnson Administration have confirmed and extended this trend. The demand for defense policy support is reflected in our expansion of the Military Research Area of ORR, the Military Division of OCI, and the ONE Military Staff. The more general change in demand now requires us to produce spot evaluations over a wide range of subjects. This calls for expertise over the entire world area as well as competence in international politics, economics, science, and military affairs. US operational information is now considered a normal ingredient of many of our products, since only by its inclusion is the consumer provided needed perspective. Often our spot evaluations, oral or written, are the most important Agency input to the Government's policy making process. Indeed, because of the limitations and special purpose of the NIE, the spot evaluation may be the Agency's only input.

12. Expanded scope of analytical effort. The collapse of time available for production has been accompanied by an expansion of its scope. People want to know more things about more countries. A demand which was once satisfied by generalizations has now been replaced by one requiring detail and interrelationship. This has led to the creation of new components--a natural byproduct of specialization--and to a creeping expansion of coverage by each component--a natural response to a felt need to satisfy demand. Thus scope, content, reliability, and urgency of intelligence need, whether in the form of estimates, current items, or even research reports, tend to compel a component, which formerly took pride in the uniqueness that justified its birth as a separate entity, to have its own comprehensive coverage. The advent of photography as a major data source affecting the work of every component

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has accelerated this trend. In this situation, the requirement of management for coordination in order to produce an authoritative pronouncement means that the intelligence product of today bears increasingly the "chop" of all parties having either responsibility for its creation or competence to influence its substantive message.

13. Need for conservation of resources. The manpower and time requirements of multiple handling of the two- to threefold increase of incoming information over the past ten years, and of producing and coordinating the intelligence based upon that information, have reduced our resilience to meet changing situations and our reserve to meet added loads below what it might be if we were operating under new organizational forms. If many shops handle the same information in order, as the saying goes, "to look at it from a different point of view and for a different purpose," we are bound to pay a high price in manpower. Some of this is unavoidable under any circumstance, and some desirable even if it could be avoided. But it is unlikely that the duplicate handling that can and should be avoided can in fact be eliminated without new tries at organizational forms designed to do just that.

14. Other management considerations are significant also. Consider, for example, the impact of consolidation upon flexibility in managing careers and in providing career opportunities. Now ONE, OCI, OBI, and OCR largely decide independently if and when to advance one of their analysts within available headroom. An officer working his way well up in one office without having had experience in another finds it very difficult to "lateral over" into a vacant position under the control of a career service not his own. Yet it is not uncommon for the DDI to be approached either by such an officer or his office head with a request that suitable alternative employment be found for a man still in mid-career though he may have attained senior grade.

15. Desirability of regionalization of Agency organization. Finally, the steps contemplated in the merger of the ONE and OCI staffs would, when finally carried to their ultimate goal, provide a largely regional or area-oriented structure which would facilitate close coordination with the Area Divisions of DDP and with the key operating components of the Department of State, which are mainly regional.

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PHASING OF MOVES

16. While I am thus persuaded that our aim should be the consolidation of regionally oriented staffs, I am mindful that we should minimize the disruptive affects on personnel and operations which often attend organizational changes. Hence, having decided our course, we should evolve toward the goal and not seek its attainment by revolutionary change. Too much is good about our present organization to risk its impairment. In other words, the advantages of change must not be eroded by the cost of bringing change about.

17. First phase. Our first step, therefore, should be to place the ONE area staffs and OCI under single management. This will affect ☐ people now located organizationally as follows:

<u>Activity</u>	<u>ONE</u>	<u>OCI</u>	<u>Total</u>
Direction			
Administrative			
Production Control			
NIC			
Subtotal			
Soviet & Eastern Europe			
Chinese & Far East			
South Asia & Near East			
Western Europe & Africa			
Latin America			
Subtotal			
Total			

* Not included are the Board of National Estimates and the CIA Operations Center. Adjustment has been made for recent transfer of OCI Graphics Division to OBI for merger with OBI Cartographic Division.

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25X1 18. Second phase. Our second step would involve the development of new machinery for relating meaningfully the work of area analysts wherever located in DDI (see TAB G: Comparative Spectra of Geographical Organization). This would be an extension of what we have begun doing for China: the organization of a China Intelligence Group, and the selection of China as the [] test area for OCR. This phase would also recognize the interdependence of DDP and DDI by exchanging representatives between the DDI area divisions and the proposed DDI area affairs divisions. (Closer organizational ties, such as a merger of DDP and DDI, seem to me inadvisable, at least for a long time. The sheer size of any combined group would make for especially difficult management problems. The validity of the time-honored separation of the "ops" function from the evaluations function has in no way been diminished by our experience in recent years. But closer ties than exist today are desirable and should work to provide DCI with an improved performance on the part of both DDP and DDI.)

19. Third phase. This step would involve a review of the implications of moves taken and a modification of our future course to the extent deemed advisable. If further consolidation on an area basis was indicated, individual analysts and some components would be moved from the functionally organized units of the DDI.

RECOMMENDATION

20. In view of the above considerations, I recommend:

- . That you approve the timely merger of the ONE Estimates Staff with the Area Staffs of OCI, leaving the Board of National Estimates intact but thereafter drawing its staff support from the combined staff. I see no reason in this proposal for any change in the position of the Board in the Agency organization. It could report to the DCI directly and exclusively, report exclusively through the DDI, or it could have a "dotted line" of direct communication to the DCI as at present.

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- . That further action required to reorganize DDI with a greater regional orientation be endorsed in principle but that specific steps in this direction be deferred pending an evaluation of the effects of the ONE - OCI merger.



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GAY S. CLINE
Deputy Director for Intelligence

Recommendation in para. 20 APPROVED:

Director of Central Intelligence

Date

Attachments

O/DDI: PABorel:nl:7 October 1965

Distribution:

- Orig. - DDI
- 1 - ER
- 1 - O/DDI Chrono
- 1 - PAB Chrono
- 1 - O/DDI Organization File

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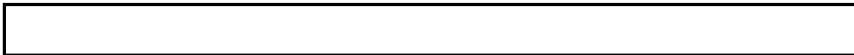
ATTACHMENTS

TAB A: Proposed Grouping of Offices under DDI Direction

TAB B: Present Organization of ONE

TAB C: Present Organization of OCI

TAB D: Present Organization of OBI



**TAB F: Proposed National Intelligence Evaluations and
Estimates Group**

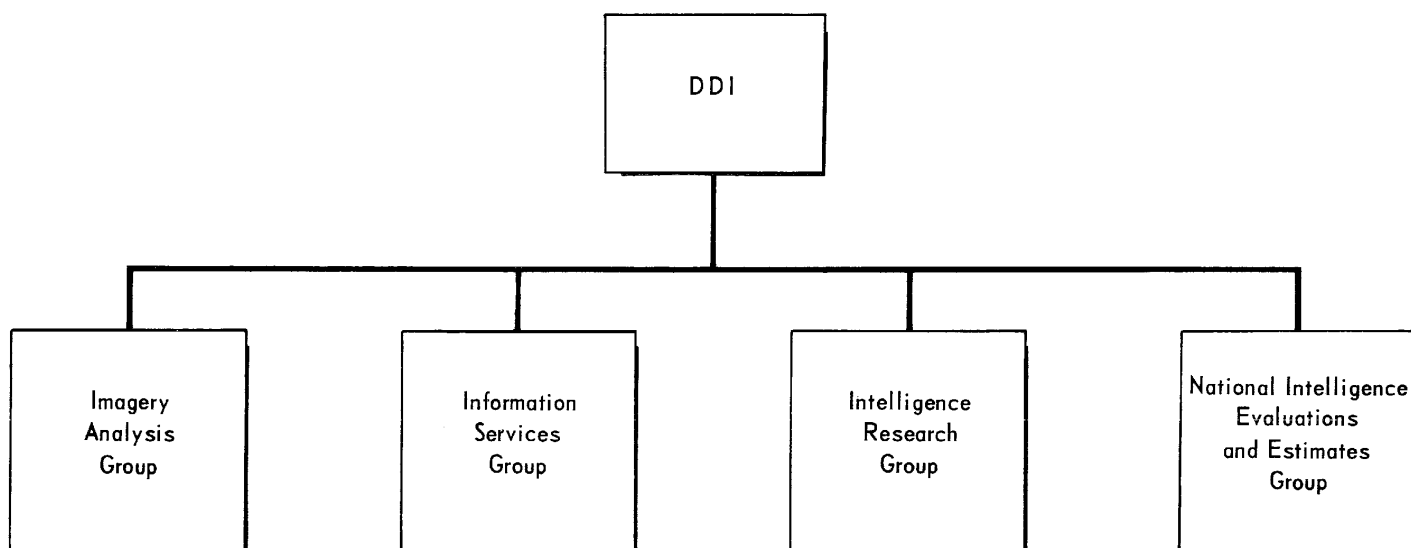
TAB G: Comparative Spectra of Geographical Organization

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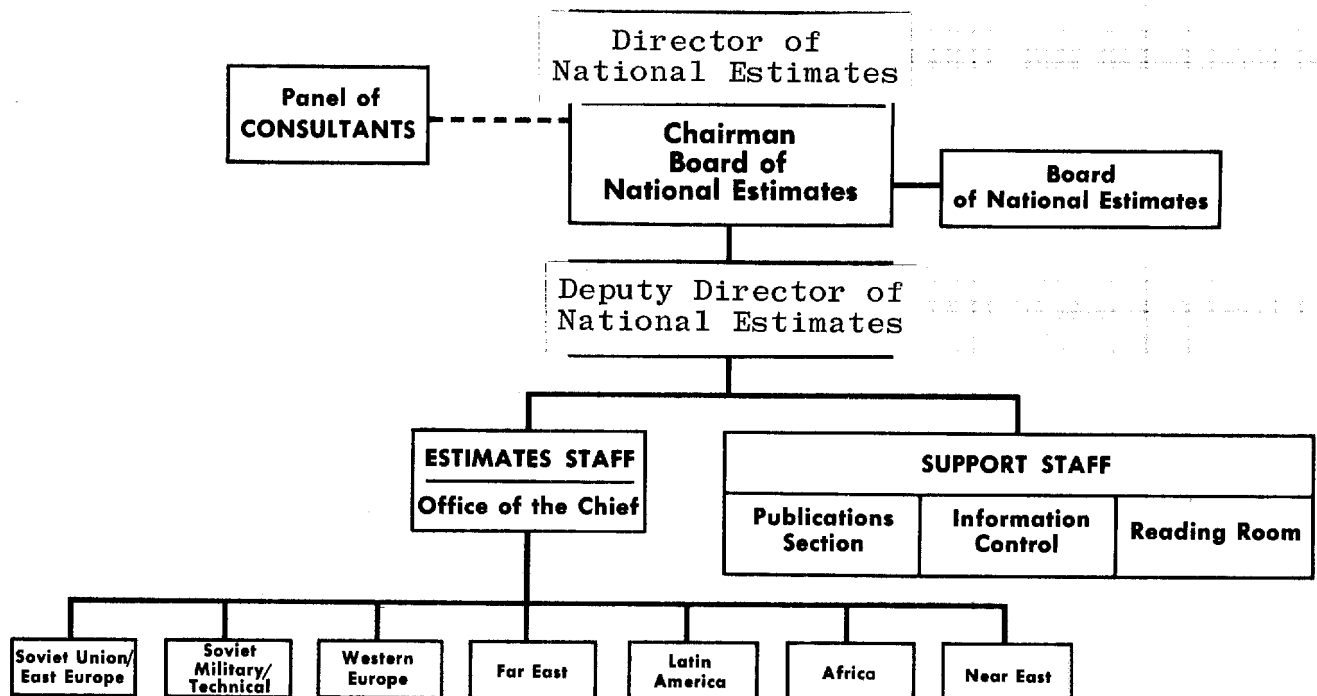
Proposed Grouping of Offices Under DDI Direction



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OFFICE OF NATIONAL ESTIMATES

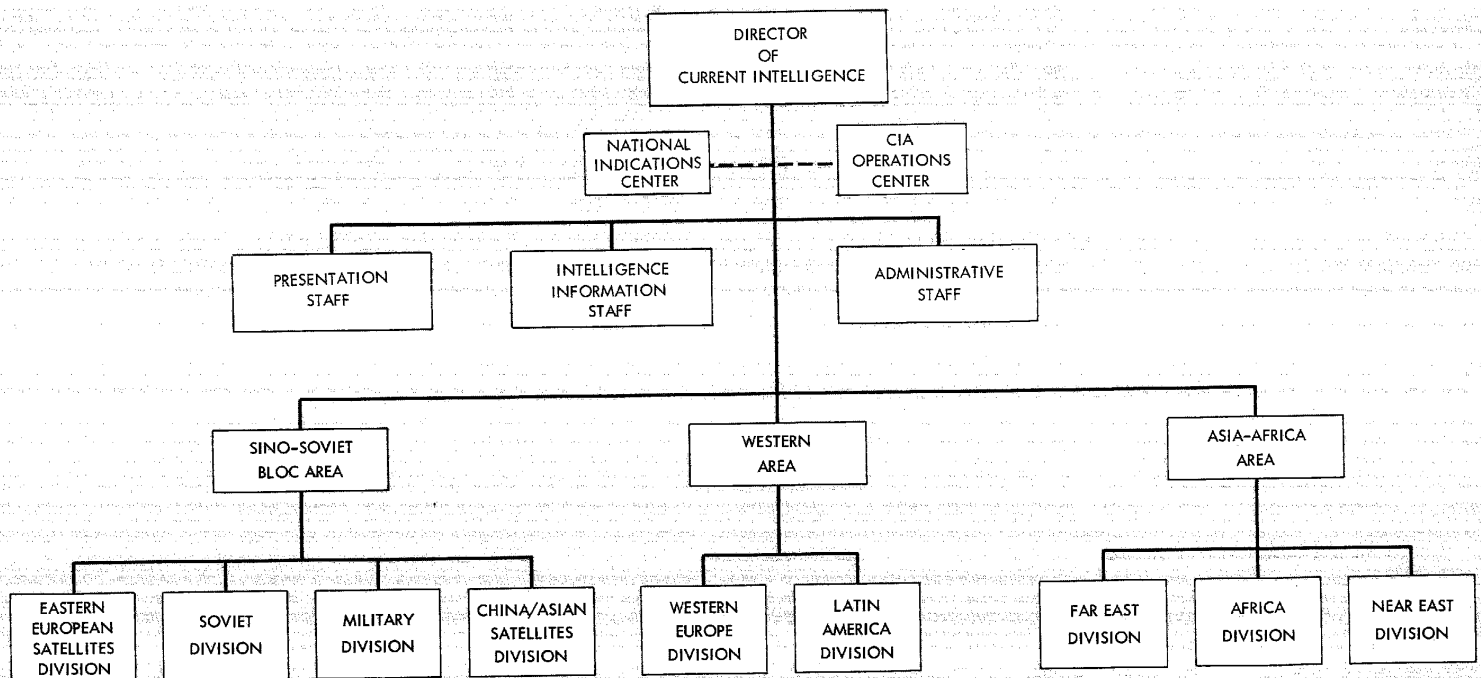


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OFFICE OF CURRENT INTELLIGENCE



AUGUST, 1965

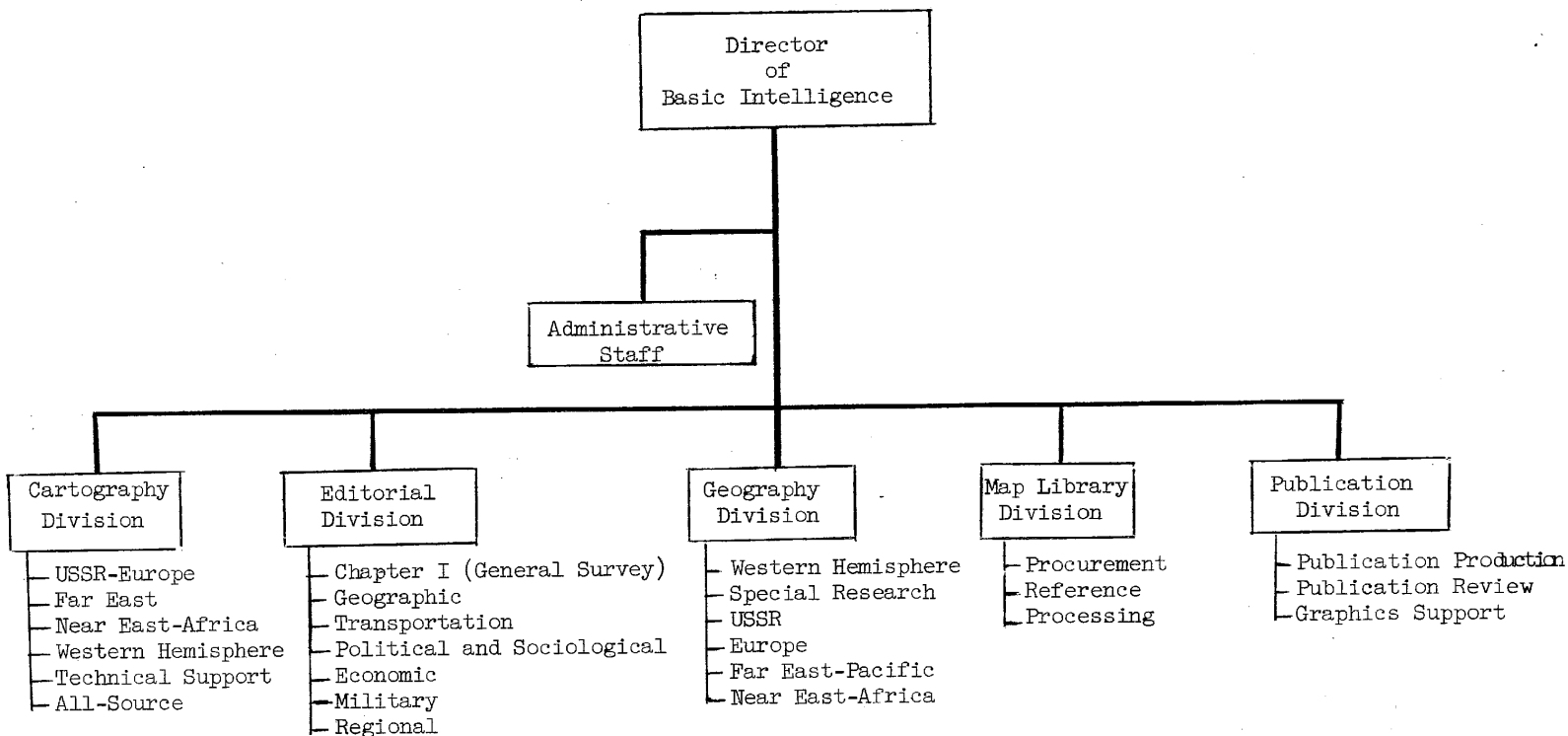
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OFFICE OF BASIC INTELLIGENCE



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Schematic of National Intelligence Evaluations & Estimates Group of the Directorate of Intelligence

**Director
National Evaluations
& Estimates**

**Production
Control**

**Presentation &
Coordination**

**Soviet &
Eastern Europe
Affairs**

**Chinese &
Far East
Affairs**

**South Asia &
Near East
Affairs**

**Western Europe
& Africa
Affairs**

**Latin
America
Affairs**

Each regional component to initially include staffs for the production of estimates, current intelligence and basic intelligence, and exchange staff representation with DDP area divisions. In later phases elements [] and regional research, and additional basic components to be integrated also.

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COMPARATIVE SPECTRA OF PRESENT GEOGRAPHICAL ORGANIZATION

PROPOSED INTELLIGENCE STUDY GROUPS

USSR CHINA FE NE AFRICA WE LA

DDI COMPONENTS

OCI	SOV	EE/SAT.	CHINA/ASIAN SAT.	FE	NE	AFRICA	WE	LA
ONE/STAFF	SOV/EE		FE		NE	AFRICA	WE	LA
ORR/DI	ASIA	NE		AFRICA		WE		LA
ORR/DA	USSR			EE			FE	
ORR/MRA				USSR and CHINA				
25X1	USSR	EE	CENT. EUR.	FE		NEA	WE	LA
25X1				CHINA				
	OBI/GD	USSR		FE		NEA	EUR.	WH
25X1		USSR/EE				ME/AF/WE/LA		
		SOV BLOC				INTERNATIONAL		

DDP

DDP SR EE FE NE AFRICA WE WH

NOTE: Size of block bears no relation to number of analysts

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Note for the Record:

STAT Per this is a dead issue.

11 June 1966